

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS NERI TO
GREETING CARD ASSOCIATION INTERROGATORIES
(GCA/USPS-T4-17(a-b, e-g), 18-22 AND 24)
(March 2, 2012)**

The United States Postal Service provides the responses of witness Neri (USPS-T-4) to the above-listed interrogatories of the Greeting Card Association, dated February 17, 2012. Each interrogatory is stated verbatim and followed by the response. Interrogatory GCA/USPS-T4-23 has been redirected to the Postal Service for an institutional response. The response to interrogatory GCA/USPS-T4-17(c-d) is forthcoming.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
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GCA/USPS-T4-17

In your response to GCA/USPS-T4-1, the question referenced "declining volume in First Class Mail", and your answer to part (a) was that "up until 2006, volumes were growing."

(a) For each of (i) through (iv), below, please state the year in which the category of mail peaked:

(i) Total First-Class Mail;

(ii) Total First-Class Letter Mail;

(iii) Single-Piece First-Class Letter Mail;

(iv) Workshared First-Class Letter Mail.

(b) For each of (a)(i) through (a)(iv), please state the source of the data on which you rely to identify the peak year.

(e) Please refer to your answer in GCA/USPS-T4-1(a), referring to the use of excess capacity to "accommodate the volume growth." Was the volume growth that you refer to growth in worksharing First-Class Letter Mail alone? If your answer is not an unqualified "yes," please explain fully.

(f) If your answer to (e) was affirmative in any degree, please explain (i) whether the Postal Service was adding further capacity, up to 2006-2007, when worksharing activity for all upstream processing was increasing (presumptively displacing the Postal Service's need to add capacity), and (ii) if so, why.

(g) If your answer to (e) was negative, please state what other categories of First-Class Mail besides workshared were growing in volume until 2006-2007.

RESPONSE:

(a) (i) FY 2001 (103.7 billion pieces)

(ii) I am not aware of any isolation of this data in postal data systems. First-Class Mail Letters, Flats, and Parcels (excluding Cards) peaked in FY 2001 at 98.2 billion pieces.

(iii) I am not aware of any isolation of this data in postal data systems. Single-piece First-Class Mail Letters, Flats, and Parcels (excluding Cards) peaked in FY 1990 at 56.8 billion pieces.

(iv) Workshared First-Class Mail Letters, Flats, and Parcels (excluding Cards) peaked in FY 2007 at 98.2 billion pieces.

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RESPONSE to GCA/USPS-T4-17 (continued):

(b) Please see the annual Revenue Pieces & Weight Reports filed by the Postal Service, and the Annual Compliance Reports filed by the Postal Service at the Commission beginning with PRC Docket No. ACR2007-1.

(e-g) No. The primary driver of mail processing capacity is the amount of mail processing equipment required to process Delivery Point Sequencing of letter mail within the operating window driven by the overnight service standard. Single piece and commercial (workshared) First-Class and Standard letter mail is sorted by the Postal Service into Delivery Point Sequence in mail processing facilities.

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GCA/USPS-T4-18

In your answer to GCA/USPS-T4-5(a), you use the phrase “performed on machinery capable of performing DPS.”

(a) What types of automation machinery, and what vintages of such machinery, are capable of doing a DPS sort?

(b) What vintages and types of automation machinery are not capable of doing DPS sorts?

(c) (i) Can older vintages of automation machinery be retrofitted to perform DPS sorts?

(ii) Have older vintages of automation machinery been retrofitted to perform DPS sorts?

(iii) If your answer to (i), (ii), or both, is affirmative in any degree, please list the type of machine, vintage, and description of the retrofitting (e.g., more bins, addition of DIOSS, etc.) which can be or has been done.

RESPONSE:

(a) Delivery Bar Code Sorters of all phases and platforms are capable of performing Delivery Point Sequencing, including base DBCS phases 1-6, DBCS Input Output Subsystems (DIOSS), DBCS Combined Input Output Subsystem (CIOSS) and DBCS – Output Subsystem (DBCS-OSS). Carrier Sequence Bar Code Sorters (CSBCS) are also capable of performing DPS. Flat Sequencing System (FSS) is capable of performing DPS for flat mail.

(b) The Automated Facer Cancellor System is not capable of sorting to DPS.

(c)(i-iii) I am aware of no vintage automation letter sorting equipment in the USPS inventory that is incapable of performing DPS operations.

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GCA/USPS-T4-19

In your answer to GCA/USPS-T4-6(b), you replied "Yes." The question asked for full explanation of your answers. Please expand on your initial response to explain whether phasing in of DPS required purchasing all new machinery (DBCS), or whether DPS was also phased in on existing DBCS machines.

RESPONSE:

DBCS automation equipment is used for other programs beyond the DPS sort program, e.g., incoming and outgoing primary and secondary sorts. These other sort programs were processed on DBCS equipment during the phase-in of DPS.

DBCS machines were designed, purchased, and installed with the express purpose of performing DPS operations. DBCS are also capable and are utilized for other sortation.

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GCA/USPS-T4-20

Please refer to your answer to GCA/USPS-T4-7.

- (a) Please define as precisely as possible the meaning of "unpredictable" as you have used it in this response.
- (b) Please explain why there would be less unpredictable mail arrival in a processing plant if overnight delivery was ended.
- (c) Please explain fully why adding an additional 24 hours for processing and delivering what is now overnight mail, would not, by reason of that very widening of the acceptable entry times, create more unpredictable mail arrival than the current narrower standard.

RESPONSE:

(a) As used in my testimony, the term "unpredictable" refers to the fact that first pass delivery point sequencing cannot be completed until all mail is available.

Frequently, this mail is not at the facility when first pass begins and has an irregular arrival profile which impacts operations.

(b-c) In the proposed environment, all first pass DPS candidate mail would be available and at the processing facility at noon each day.

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GCA/USPS-T4-21

(a) In your answer to GCA/USPS-T4-12(c), you state that the Postal Service has "announced publicly . . . its plan to implement network changes." Is the public announcement to which you referred the December 15, 2011, Federal Register notice filed as Library Reference LR-N2012-1/7 in this case? If you were referring to any other public announcement(s), please fully identify them, with dates.

(b) Did all, or any, of the public announcements of plans to implement network changes you identify in responding to (a) include, or assume as a necessary part of the network changes, the ending of overnight delivery? Please identify all that did include or assume that feature.

(c) (i) Were any plans to implement network changes which did include or assume the ending overnight delivery furnished to witness Rosenberg before she performed the analysis now presented in USPS-T-3?

(ii) If so, were these plans furnished as forming a necessary or recommended basis for her analysis (as opposed, e.g., to a possible but not necessarily preferred outcome thereof)? Please explain fully.

RESPONSE:

(a) No. The public announcement refers to the press conference held on September 15.

(b) They assumed implementation of the changes detailed within the Proposed Rule published in the Federal Register on December 15, 2011.

(c) (i-ii) The analysis performed by witness Rosenberg was predicated on the service changes described by witness Williams.

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GCA/USPS-T4-22

Please refer to your answer to GCA/USPS-T4-12(c).

(a) Does the expression "implementation timeline as brought forth in this docket" refer to the start of network rationalization (most recently given, in the Postal Service's January 18, 2012, Motion for Reconsideration, as May 15, 2012), to the completion of that rationalization, or to some other period of time? Please explain fully.

(b) If the above-cited "implementation timeline" was meant to refer to some period of or point in time other than the start of network rationalization, what is your best projection of the date of completion of the rationalization?

(c) In assigning "adequate resources to meet its objectives," will the Postal Service seek to conduct all the required AMP processes simultaneously, or will a staff unit which has completed an AMP process then be assigned to start on a new one? Please explain fully.

RESPONSE:

(a) No. This subpart abridges the full statement, omits critical words and completely redefines the expressed intent of the statement. The full statement reads as follows: "The implementation timeline is based upon the decision to change service standards as brought forth in this docket." Consistent with the full statement, the implementation timeline is based on the decision to change service standards as brought forth in this docket, or described in another way, the decision to change service standards as described in this docket. It should further be observed that the Postal Service has made clear that "the start of network rationalization" will occur after May 15.

(b) Not applicable.

(c) All AMPs were performed simultaneously.

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GCA/USPS-T4-24

In your response to GCA/USPS-T4-15, you state that collection mail cannot meet the new service standards for overnight delivery published in the Federal Register on December 15th because it cannot meet the 8:00 a.m. or 12 a.m. arrival cut-off times for Presort.

(a) Please explain fully why collection mail cannot be picked by USPS personnel up at times that would allow it to meet the same entry times as required for Presort.

(b) (i) Does your answer to GCA/USPS-T4-15 mean that the entry times and corresponding delivery standards for Presort First-Class Mail were established, and the delivery standards for Single-Piece then derived as a consequence of those parameters for Presort? Please explain fully either an affirmative or a negative answer.

(ii) If your answer to (i) is that Presort entry and delivery standards did, in any degree, dictate those for Single-Piece, please explain how and why the decision to proceed in that manner was taken.

(c) Was any optimization study for entry times undertaken which attempted to balance the needs of Presort and Single Piece for overnight delivery, (i.e., an optimization study leading to a solution showing what entry times for Presort and Single Piece simultaneously allowed for overnight delivery of both (even if not at the current volumes))? If yes, please provide a copy of all such studies, or a citation thereto if already publicly available. If not, please explain why such a study was not conducted.

RESPONSE:

(a) The situation described in this subpart would require collection times of 4 a.m. to bring the mail to the plant prior to the initiation of incoming processes at the facility at 8 a.m. The Postal Service does not believe that this is a viable alternative.

(b)(i-ii) Please see the response to GCA/USPS-T3-9(c).

(c) No. The Postal Service recognizes that First Class Mail single piece volume is the product facing the largest decline in the network. Postal Service management is of the view that defining a future network based on a rapidly declining single-piece First Class Mail product does not seem the most prudent use of postal resources.